

## The Case for (Re)Introducing the Co-op Business Model in Business Schools<sup>1</sup>

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### Abstract

Research shows that the co-operative movement needs an enabling environment to realize its full potential. Such an environment cannot exist without an educational system that acknowledges, teaches and promotes the co-op business model. While co-operatives are showing great promises in implementing sustainable development goals (SDGs), they do not receive the full credit they deserve from business schools. For instance, college programs, courses and textbooks that focus on sustainable development and corporate social responsibility seldom acknowledge the role of co-operatives in alleviating the world's problems. Consequently, large and small co-operatives in every industry should engage more thoroughly with the 16,000 business schools around the world and share their accomplishments with educators and students. My goals with this paper is show how the co-operative movement and business schools can work together. First, I share experiential pedagogical tools. Second, I suggest potential learning outcomes. Finally, I discuss some practical implications for integrating co-operatives in business schools and mainstream management education curricula.

### Keywords

Business schools, management education, co-operatives, critical thinking, experiential learning

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<sup>1</sup> This short paper is a condensed and adapted version of an article written with Annie Camus and Valérie Michaud, which will be published in the first months of 2017. I am greatly indebted to my co-authors for all the ideas included in this short paper. Any questions and comments should be sent to me ([luc.audebrand@fsa.ulaval.ca](mailto:luc.audebrand@fsa.ulaval.ca)) and no part of this paper should be used without my explicit authorization.

## The Case for (Re)Introducing the Co-op Business Model in Business Schools

There are more than 16,000 business schools around the world. Business schools are under pressure to address constantly arising new challenges and issues, including sustainable development, corporate social responsibility and social inequalities (Banerjee, 2011; Akrivou & Bradburt-Huang, 2015; Fotaki & Prasad, 2015). While co-operatives are showing great promises in implementing sustainable development goals (SDGs), they do not receive the full credit they deserve from business schools. For instance, college programs, courses and textbooks that focus on sustainable development and corporate social responsibility seldom acknowledge the role of co-operatives in alleviating the world's problems. Consequently, large and small co-operatives in every industry should engage more thoroughly with schools, colleges and universities around the world and share their accomplishments with educators and students:

“Co-operative education needs to be equally as bold, innovative and imaginative today, embracing the opportunities provided by new technologies, strengthening links with universities to encourage research, and using education to disseminate research findings to inform policy makers, members, and the wider public. Successful co-operative education needs to be adaptable and never forget its core purpose, namely to develop a deeper understanding of the nature and benefits of co-operation today and tomorrow” (ICA, 2015: 58)

Although the co-op business model is almost absent from textbooks and curricula in business schools (Webster et al., 2012; Kalmi, 2007; Chamard, 2004; Hill, 2000), it has a strong presence in the “real” business world (Birchall, 2013; World Co-operative Monitor, 2015). According to the International Cooperative Alliance (International Cooperative Alliance [ICA], 2015), the co-op movement brings together over one billion people around the world in various economic sectors (e.g., consumer/retail, banking, insurance, health, utilities, agriculture and forestry). Co-operatives are significant economic actors in many national economies (e.g., in Denmark, consumers co-operatives hold about 36.4% of consumer retail market) and important employers in many countries (e.g., in France, 21,000 co-operatives provide over 1 million jobs representing 3.5% of the active working population). In some countries, large segments of the population are members of at least one co-operative (e.g., in Canada, around 40% of the population are members of a co-operative). Based on conservative estimates, nearly 30,000 co-operatives operate at 73,000 places of business throughout the US, account for over \$3T in assets, over \$500B total revenue, over \$25B in wages and benefits and nearly 1M jobs (Deller, Hoyt, Hueth, & Sundaram-Stukel, 2009).

Research shows that the co-operative movement needs an enabling environment to realize its full potential (ICA, 2015). In today's world, such an enabling environment cannot exist without an educational system that acknowledges, teaches and promotes the co-op business model. My goals with this paper is show how the co-operative movement and business schools can work together. This paper is divided as follows. In the first section, I present the specific characteristics of the co-op business model. In the second section, I describe four pedagogical tools that I currently use to teach the co-op business model. In the third section, I outline four potential learning outcomes. In the last section, I discuss the practical implications and challenges of integrating co-operatives in business program design and curricula.

### The Co-op Business Model

According to the International Cooperative Alliance (ICA, 2012), a co-operative is “an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.” A set of seven principles are common to co-operatives all over the globe: voluntary and open membership; democratic member control; economic participation by members; autonomy and independence; education, training, and information; cooperation among co-operatives; and concern for the community (ICA, 2016). Co-operatives are usually one of the following types: consumer, producer, worker, purchasing or multi-stakeholder co-operatives, such as “solidarity co-operatives” in Canada (Girard, 2004), “social co-

operatives” in Italy (Thomas, 2004) or “collective interest co-operative enterprises” in France (Margado, 2004). The co-op movement emerged in Western Europe around the 1840s as a response to the striving economic development led by the Industrial Revolution (Curl, 2009). With time, the co-op movement has grown to become a global player which contributes to socio-economic development, and whose impacts include poverty reduction, employment generation and social integration.

Although some variance can be found in the co-op business model, due to practical adaptations to specific socio-economic circumstances, legislative frameworks, political contexts or varying aspirations of co-operators (Webster et al., 2012), three features characterize all co-operatives: they are user-owned, user-controlled and user-benefiting (Dunn, 1988; Zeuli & Cropp, 2004). I believe that these three core features support the pedagogical value of the co-op business model to foster critical thinking in management education.

First, a co-operative is owned by its members—i.e., the people who use the co-operative’s services, such as consumers, workers or producers (Hill, 2000)—not by capitalistic investors.<sup>2</sup> Members are thus responsible for providing some, but not necessarily all, of the co-operative’s capital (Zeuli & Cropp, 2004). Moreover, a co-operative’s primary goal is to meet the needs of its members-owners whether through the provision of decent work for its workers in a workers’ co-operative, the supply of consumer products in a consumer co-operative or provision of adequate housing in a housing co-operative (Birchall, 2011). The “members as owners” feature distinguishes co-operatives from family firms—in which the capital is mainly owned by a limited group of family members—, from nonprofit organizations—which legally have no owners—and from many social businesses—often owned by a single, social entrepreneur (Pestoff & Hulgård, 2016).

Second, co-operatives are user-controlled. In contrast with owners of capitalist enterprises—be them small, family-owned or social—, all members in a co-operative should have equal voting rights in the general assembly, despite possible disparity in their economic participation or level of involvement—whether in money or time (ICA, 2016, Birchall, 2011; Novkovic, 2008). This further prevails at the board of directors, composed of members elected by the general assembly (Tuominen, Jussila, & Kojonen, 2009). During the general assembly, members elect a board of directors to make decisions on their behalf. This board is accountable to the general assembly on a regular basis. However, democratic governance does not necessarily mean that everybody actually participates in every decision all the time, but that all members have the right to participate or to be represented. Governance is inclusive and the expression of counter-power is welcomed (Somerville, 2007).

Third, co-operatives are user-benefiting enterprises. In this context, the concept has two different meanings (Hansmann, 1999). The first meaning is related to the benefit that results directly from the satisfaction of individual needs which the co-operative can meet. In fact, the co-operative allows members to benefit from “improved terms of trade” because they get better prices, better service or a better job (Nilsson, 2001: 336). In short, co-operatives respond to market failures: they allow individuals to get a good, service or employment that neither the state nor the market can satisfactorily provide (Valentinov, 2012). The second meaning is linked to the notion of profit. A co-operative is a business venture and it is not precluded from making profit. Yet, there are clear limitations on how co-operatives can distribute their surpluses: a limited part of the excess can be returned to members, while the remaining excess gets reinvested in the co-operative (Dunn, 1988). Any distribution should be proportionate to members’ use of the co-operative’s services. For instance, in a worker co-operative, surpluses will be distributed according to the members’ hours worked; in a consumer co-op, based on members’ purchases in a given period. This third characteristic differentiates co-operatives from nonprofits—which cannot distribute any surplus—and from capitalist ventures—where dividends are allocated based on one’s shares (Novkovic, 2008).

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<sup>2</sup> Organizational hybrids have emerged—e.g., *New Generation Co-operatives* (NGCs) and *Limited Co-operative Associations* (LCAs), which both combine aspects of investor and co-operative ownership (Cook & Iliopoulos, 1999; Katz & Boland, 2002; Geu & Dean, 2009)—and are stretching the limits of the traditional co-op business model with regards to ownership.

## Introducing the Co-op Business Model in Management Education

I now turn my focus toward concrete pedagogical tools that I have used to teaching the co-op business model in mainstream and specialized courses. While the co-op business model can be addressed in class with various pedagogical methods, my own experience shows that experiential learning is particularly well-suited to allow students to fully and genuinely seize and engage with the richness arising from the model. Building on my own teaching experience, I review four pedagogical tools that I have put to the test. I describe these four pedagogical tools from the least to the most experiential.

### *Case Method*

The case method is a discussion-based teaching tool that requires active students' involvement. Although the case method has been criticized for not being experiential enough, it nevertheless provides students with "an opportunity to experience and work out particular aspects of management practice" (Mesny, 2013: 59). The case method has been described as an effective pedagogical tool for helping students make sense of the ambiguous situations they are likely to encounter in the "real" business world (Banning, 2003). In her review of the case method, Mesny (2013: 62) acknowledges that case writers "need to extend the variety of situations and contexts depicted in management cases to better reflect the business and management world". Whether it be for a long, detailed and information-rich case based on an existing co-operative or for a brief rendition of a co-operative-specific issue, cases can be designed for and adapted to different audiences—undergraduates, graduates, practice-oriented MBAs, PhD candidates—and different pedagogical objectives (MacPherson, 2015).

The case method allows a prudent introduction of the co-op business model in traditional business courses. Case studies based on real co-operatives in a mandatory strategic management course can be used in order to discuss the impact of economic democracy and governance on strategic processes and outcomes. When they begin their assignment and read the case, most students do not notice much difference. It all seems like business as usual. They easily register all relevant information pertaining to the business aspect and have no difficulties coming up with sound recommendations they feel quite confident about. Before the debrief in a plenary, some students will even think "what's all the fuss about co-operatives and other social businesses, it's really not that complicated". The debrief, however, turns into an eye-opening, something jaw-dropping experience as their recommendations are challenged with tough questions—e.g., how sound is a profit increasing decision if it affects the members negatively? What is your core mission, making profit or maximizing the benefits for the members? What about member participation? Stakeholder participation? Are you making sure your recommendations are supported by the members? As the students are given some time to re-read the case and re-do their analysis, they start detecting information that had gone unnoticed at first. Some of which they feel less confident or comfortable with. As they struggle to process this new information, new discussion arises—e.g., what should be taken into account? How are we to weight between demands? Between options? Who will decide? All members, only board members, general manager? Students experience different levels of discomfort as their values, beliefs get challenged, as the taken-for-granted nature of doing business is fissured and reveals a much more complex and rich view of reality.

With cases studies on multistakeholder co-operatives, students have to adopt different perspectives—workers, consumers, managers, board members, etc.—to make sense of situations, fostering their sensitivity and empathy. Case studies based on real co-operatives can be used in case competitions training on corporate social responsibility and sustainable development in order to push students to envision how far organizations can thrive to be embedded within their community.

Cases studies produced by students already working in co-operatives about events that occurred in their own professional life (Foster & Carboni, 2009). Telling their tale—i.e., producing cases drawn from their past experience—allows students to objectify the situation they have been through. Then, as these are being discussed in small teams or in a plenary, it is always exciting to witness the enlightenment and relief of the student whose case is under scrutiny: the contradictions and elements of complexity are disclosed, leading to identify and understand the feelings

of discomfort, unease or even the emotional reactions that might have been felt. Students then explore together ways to work through the situations in a much more informed and satisfying way.

### *Games*

A little further on the scale of students' experiential learning, games can be found as an engaging teaching tool. Games are "activities undertaken by players whose actions are constrained by a set of explicit rules particular to that game and by a predetermined end point" (Dorn, 1989: 3). Games can be computerized simulation games, but also very low tech, such as simple role playing and boardgames (Keys & Wolfe, 1990; Salas, Wildman & Piccolo, 2009). For example, the Monopoly boardgame—"built on a capitalist model of accumulating wealth through real-estate" (Paino & Chin, 2011: 573)—has been used in several disciplines such as sociology, accounting, business and real-estate (Tanner & Lindquist, 1998). The success of the Monopoly boardgame has inspired modified versions of the game—such as Anti-Monopoly, Sociopoly, and Co-opoly—that allow students to enact different social and economic models and goals (Jessup, 2001; Paino & Chin, 2011).

The Co-opoly boardgame simulates the daily working life in a co-operative where players have to co-operate to succeed—everybody wins or everybody loses. Typically, students play in groups of six, with four or five teams playing simultaneously. The instructor takes about 15 minutes to set the tables and explain the rules. Then, the game itself takes about 45 minutes to be completed. Finally, another half hour is used for debriefing in a plenary session. Overall, the experience takes about 90 minutes. Before starting the game, students have to agree on a type of co-operative—i.e., worker, consumer, producer or multi-stakeholder—and its sector of activity.<sup>3</sup> These choices will impact the decisions they will make in order to run a successful business and help start new co-operatives. During the game, students write down their feelings, questions and comments in order to facilitate the plenary session. The instructor walks around to answer specific questions and to cheer and challenge players.

Announcing to the class we will be playing games, especially board games, always has some effect: some students get excited, some roll eyes to the ceiling, most lay back as they feel gaming can't be *that* demanding. Once the boards are set and the rules have been explained, the game can start. The nice part with gaming is that students get engaged quite fast. Some, more competitive, will even get carried away. However, playing Co-opoly often lead to frustration or apprehension as teams grapple with rules they are not used to. Successful teams will have students feel bonded, proud and empowered whereas some teams or students might resist and resent the fact that there is no competition. The experience can then ease into a fruitful debrief on the taken-for-grantedness of business rules, the impact of rules on outcomes and equality and the question of who, in our business environments, sets the rules.

### *Simulations*

Simulation-based training "can be conceptualized as any synthetic practice environment that is created in order to impart [...] competencies (i.e., attitudes, concepts, knowledge, rules, or skills) that will improve a trainee's performance" (Salas, Wildman & Piccolo, 2009: 560). Simulations allow students to gradually get involved in "reality" while permitting instructor control over various aspects (Grüne-Yanoff & Weirich, 2010). They are depicted as "inherently more engaging than other training methods" (Salas et al. 2009: 564). Further, simulations "have the potential to highlight the tensions between different leadership strategies (e.g., engaging versus monitoring, envisioning versus implementing, implementing versus engaging, monitoring versus envisioning and articulating versus envisioning) which turn simulations into opportunities for rich learning experiences" (Shapira-Lishchinsky, 2015: 984).

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<sup>3</sup> To save class time, students can read the rules a few days before the class and use an online forum to decide the type of co-operative and the industry. There is also a short video on how to play Co-opoly on the organization's website.

Salas, Wildman and Piccolo (2009) mentioned the need to identify new topic areas for simulations. Accordingly, co-operatives offer well-suited material for simulations. Two of us teach an elective, 45-hour course simulation to business undergrads. Each class of 40 students, grouped in 5 teams of 8—voluntarily large in order to exacerbate some tensions—, is guided through the whole process of creating and operating a fictive worker co-operative, from foundation to strategic planning. Students do not initially have a vested interest in co-operatives, yet they quickly find themselves immersed in the co-op universe.

As students are propelled into this co-operative simulation, they first feel disoriented. Unused to the co-op business model, they struggle to understand how it works, what they can and cannot do, should and should not do. They are submerged by a flow of information regarding its legal framework and organizing principles. They have many questions: Co-operatives have to work for the sustainable development of our community, but how? And to which extent? Should we market our co-op difference or not? The time constraint pressures the teams into hasty decision-making. Yet, member participation and democracy takes times. Moreover, students experience uncertainty at various levels. Some try to understand and adapt while feeling discouraged at times. Others resist and keep functioning with the traditional capitalist mindset, leading to disappointing results and energetic debates among team members. Yet, at the end of the simulation, when they realize how familiar and at ease they have become with the co-op business model after all they have been through, they feel transformed. They testify how the experience has totally changed their view of co-operatives and more generally of what doing business is about.

In sum, the intense, hands-on experimentation of actually running a co-operative forces students to get out of their comfort zone and think in new ways. One of the major shifts they make is related to the actualization of their co-operative's mission: in contrast with typical firms, worker co-operative's mission is to maximize working conditions, not profit *per se*. This significant shift is integrated throughout the simulation, as students make operational—e.g., marketing, HR, finance—decisions for their co-op that greatly challenge their natural tendencies. While the simulation does not necessarily transform students into future co-operative leaders, testimonials and course evaluation clearly show that this experience pushes them to complexify their business perspectives, addressing issues of global versus local, economic versus social goals, and top-bottom hierarchy versus distributed power.

### *Service-Learning*

Service-learning “is an academically rigorous instructional method that incorporates meaningful community service into the curriculum.” (Academy Partners Service-Learning Fellows Program, as cited in Dipadova-Stocks, 2005: 345). Through service-learning, “students have the opportunity to serve others, often through participating in nonprofit organizations that benefit the disenfranchised in some form” (Conklin, 2013: 506). A recent meta-analysis showed that learning outcomes of service-learning include a more positive understanding of social issues, a change in personal insight, and impacts on the cognitive development of students who participated in such experiences (Yorio & Ye, 2012).

Small co-operatives provide opportunities for service-learning, since education, training and information to the general public is one of the core principles of the co-op movement (Table 1). While action-research projects have been conducted by some of my students for their Master's thesis or capstone projects, smaller projects can also be envisioned. I teach an MBA course that incorporates a semester-long project in which students provide assistance to small co-operatives. Each team receives a specific consulting mandate from a co-operative. Early in the semester, students visit the co-operative to meet with co-operative members, general manager and board of directors. This first meeting is essential to clarify the mandate and manage expectations. It is also a way for students to get acquainted with the co-operative they have been assigned to. Each team then finds theoretical and empirical sources relating to their specific mandate and writes a first report summarizing the findings from their review of the literature. They then meet again with members of the co-operative to present preliminary results and get feedback. The second part of the project is to come up with detailed, feasible recommendations. The final part of the project—which is done as a professional sales pitch in a real business setting—consists in presenting the solutions to the co-operative's board of directors. As they expose their findings, students frequently encounter the shock between theory and practice. Real-

life situations display much richer intricacies and contradictions than they expect. For instance, what appears to be theoretically the best solution might not get supported by the co-operative's general assembly.

### **Potential Learning Outcomes**

My own experience using the co-op business model through experiential learning approaches in multiple contexts—mainstream business undergraduate students, specialized graduate students—share one common denominator: they challenge students in their usual, common shared focus on profit maximization. Each of the pedagogical tools presented above leads to questioning and de-naturalizing students' reflexes and taken-for-granted assumptions, opening up for the development of critical thinking and its associated learning outcomes. I now describe four learning outcomes with that can come out of engaging with the co-op business model.

#### *Conceptualizing Complexity*

The first learning outcome is getting students to become familiar with organizational complexity. By questioning existing polarized frames and recognizing relatedness, students develop more insightful understandings. Moreover, one's reflexivity is fuelled when one recognizes inherent tensions surrounding a phenomenon of inquiry (Lewis & Kelemen, 2002). Students may be guided through critical thinking by considering the complex interplay of opposites in co-operatives. In mainstream and specialized courses, I found that it is helpful to use real-life examples to show how some co-operatives strive to juxtapose seemingly incongruent demands for being both democratic and hierarchical, socially and economically beneficial, alternative and mainstream, autonomous and collaborative. While studying co-operatives, students explore the possibility and value of operating simultaneously at both ends of a continuum rather than choosing one extreme or searching for a synthesis between the poles.

#### *Challenging Inner Biases*

This second learning outcome allows students to identify and move beyond their inner biases. This can be done if students are encouraged to develop introspection, reflexivity and better self-awareness (Cunliffe & Jun, 2005). Reedy and Learmonth (2009) argue that the underlying values of management education often appear to serve the interests of stockholders and senior corporate managers. Consequently, business students tend to idealize the investor-led model of business organization (Fotaki & Prasad, 2015). To challenge students' biases, I compare co-operatives with their investor-led competitors—e.g., Sunkist vs. Tropicana, REI vs. L.L. Bean, ACE Hardware vs. Lowe's Companies. In a mandatory undergraduate course on corporate social responsibility, one of us compares practices and results from co-operatives included in the ICA Global 300 to practices from investor-led corporations in the Fortune Global 500. In my teaching, I find that worker co-operatives are particularly destabilizing for business students, and thus helpful in deconstructing their biases.<sup>4</sup>

#### *Reacting to False Dilemmas and Paradox*

Getting students to recognize false dilemmas and expand their repertoire of reactions to paradox is a third learning outcome. Understanding reactions to paradox is an important research topic in co-operatives studies. Complex reactions include synthesis, synergizing, reframing, and living with/within paradox. Synthesis refers to a creative

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<sup>4</sup> First, in worker co-operatives, employees are both members and owners. They try to find a balance between the well-being of workers, and the need to be productive, in a humane and democratic manner (Hernandez, 2006). Second, they challenge the assumption that "organizations must necessarily have managerial hierarchies and asymmetrical power relations in order to get things done" (Reedy & Learmonth, 2009, : 253). For students who regard large wage differentials as a "fact of life," the successful existence of worker co-operatives with egalitarian wage settings is surprising (Hill, 2000). Third, worker co-operatives do not need to be small to be successful. The largest worker co-operative in the US is the Cooperative Home Care Associates (CHCA), which employs over 2000 workers. Mondragon—Spain's 10th-largest entrepreneurial group—is one of the most outstanding examples of worker co-operatives: it includes 110 worker co-operatives and employs more than 74,000 people (Flecha & Ngai, 2014).

combination of conflicting aspects facing the co-operative (Stohl & Cheney, 2001). Viggiani (1997) uses the expression “democratic hierarchy” to suggest the possibility of sustaining worker democracy and control in worker co-operatives, while simultaneously putting hierarchies in place within a division of labour. Synergizing refers to circumstances when one aspect of a paradox strengthens the other side, such as when informal activities reinforce formal activities (Westenholz, 1999). Reframing represents an attempt to transcend a paradox by redefining it so that the two opposing poles are no longer poles apart. This process creates new references that can be used to infuse situations with new meaning (Westenholz, 1993). Living with/within paradox differs from a “getting over it” stance because paradox is seen as an inevitable—and even necessary—part of working in a co-operative (Stohl & Cheney, 2001).

### *Transforming One’s Self and Environment*

According to Rippin, Booth, Bowir and Jordan (2002: 435), management educators should “problematize management itself in developing alternative models of how organizations might operate within society.” They can challenge taken-for-granted, conventional, and one-dimensional assumptions and encourage “an imaginative and emotional identification with what alternatives to dominant practices might look like” (Reedy & Learmonth, 2004: 252). In my experience, I found that learning about co-operatives is not only useful in helping students break dichotomous simplistic views of organizations, but also in imagining novel ways of organizing. Indeed, the success of co-operatives may “show students how things could actually be different, and so start to suggest ways in which they might change practices within organizations” (Reedy & Learmonth, 2004: 252). This leads us to a fourth learning outcome from teaching the co-op business model: transforming one’s self and environment. Learning about co-operatives and meeting successful co-operators fuel students with ideas about what they can do if they want to make a difference, however modest, in the business environment. For example, simulations show how co-operatives offer the possibility of extending democracy to economic life. Confronting students with alternatives to mainstream corporate management convinces some of them to support the adoption of practices found in co-operatives.

### **Ways to overcome potential resistance and issues of transferability to other contexts.**

#### *Overcoming Potential Resistances*

Engaging with the co-op business model in class might elicit some resistance from educators afraid to rely on a business model they know too little about. This lack of knowledge is reinforced by a lack of adequate pedagogical material (Kalmi, 2007; Chamard, 2004). This again supports the need for development of an array of well-crafted pedagogical material on co-operatives, be them included in mainstream business textbooks or stand-alone case studies. My own experience shows there are opportunities to include co-operative related material in different courses, both mainstream and specialized.

Still, that begs the question of how alternative perspectives can be taught within a course that also includes traditional business content. Nelson and Goodwinn (2009) suggest two options. First, a “multi-paradigmatic” approach that structures the course around opposing viewpoints (e.g., points-counterpoints, compare-and-contrast). Second, a “broader questions and bigger toolbox” approach that puts contemporary real-world issues, institutions and current events front and center. With either of these approaches, co-operatives can be explored alongside investor-owned corporations in courses such as human resource management, accounting, organizational behaviour, and operations management.

Further, innovative teaching practices such as co-teaching (Gaytan, 2010), when possible, might be a profitable approach to overcome instructors’ discomfort with co-operatives. A co-operative expert, a fellow instructor familiar with the co-operative model or an inspiring co-operator can be invited to class. In allowing interaction between complementary expertises, co-teaching further supports the development of critical thinking, offering students different perspectives, in a dynamic way (Hartshorn & Hannon, 2005). Co-teaching is often described as “debate-infused teaching” (Gaytan, 2010), through which the classroom itself may interestingly become the theater of polarity

constructions and biases sensitizing.

Students themselves can be less interested in alternative organizations, and one might argue that students' lack of interest for co-operatives can indeed be the main difficulty of the endeavour. Yet recent studies show that business students are not only ready for, but actively looking for models that challenge the profit-maximization view of the firm (López-Navarro & Segarra-Ciprés, 2015; Alonso-Almeida, Fernández de Navarrete & Rodríguez-Pomeda, 2015).<sup>5</sup> I believe the co-op business model can gain students' attention and stimulate their motivation by moving from a profit-centered to a people-centered economy, especially through experimental learning tools.

Finally, another challenge to introducing the co-op business model in management education is the fact that participatory practices are not embedded in society. Major institutions are still essentially hierarchical (Gamson & Levin, 1984), and civic participation—such as membership in professional, fraternal, and student societies, youth groups, and parent-teacher associations—has been steadily declining in the US (Putman, 1995). This being said, some ways to improve participatory processes have been successfully introduced in higher education. I would like to highlight cooperative learning, a formal instructional method in which instructors carefully design team-suitable lessons, activities and evaluations (for a review, see Millis, 2010). With cooperative learning, the emphasis is placed on student involvement in active learning (Kaufman, Sutow, & Dunn, 1997). When implementing cooperative learning and using teams inside and outside the classroom, instructors need to pay attention to five features, namely positive interdependence, individual accountability, face-to-face promotive interaction, appropriate use of collaborative skills and group processing (Johnson & Johnson, 2009).<sup>6</sup> What is interesting in looking at the features above is how much cooperative learning in the classroom is similar to the actual work in a co-operative (Woodin, 2015).

#### *Transferring “Co-op Specific” Learning in other Business Contexts*

I suggest three transferrable features of the co-op business model: stakeholder democracy and collective decision-making, employee participation, and entrepreneurship sensitization. First, in the context of corporate social responsibility, the obligation to account for multiple stakeholders is increasingly being experienced by more traditional firms (Moriarty, 2014). The multi-stakeholder co-operative model appears as an interesting experimentation on multiple stakeholder inclusion and collective decision-making. Due to their formal inclusion of various stakeholders—e.g., consumers, workers, depending on the type of co-op—in organizational governance and decision-making, multi-stakeholder co-operatives offer “extreme cases” of stakeholder democracy. In the face of rising complex business and societal challenges, having students put different “hats” in a multi-stakeholder co-operative case study or simulation can sensitize them to the richness of accounting for multiple stakeholders' perspectives. Subsequently, they can transfer this holistic community concern into other contexts. By practicing collective decision-making, students can appreciate how they can individually contribute to such collective processes, as well as how they can improve the way they help others participate.

Second, non-co-operative organizations have long been developing practices and schemes to stimulate employee participation and empowerment (Doucouliagos, 1995). Research demonstrated strong correlations between

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<sup>5</sup> A recent “Business Education Jam” online conversation (Business Education Jam, 2015) brought together nearly 4,000 participants (business students, academics and industry) for a 60-hour discussion on critical questions about the future of business education. Many of the responses show the importance of “making an impact, not just money” (critical question #6) and of fostering ethical behaviors that account for stakeholders other than the stockholders (critical question #7). As simply put forward by a student participant: “Yes, we want to make an impact from day one. Yes, we want continual challenge and exposure to complex problems.”

<sup>6</sup> The five features of cooperative education: *Positive interdependence* takes place when team members are obliged to rely on one another to achieve the goal and if one member fails to do his/her part, everyone suffers consequences. This implies *individual accountability* because all students in the team are held accountable for doing their share of the work and for mastery of all of the material to be learned. The work needs *face-to-face interaction*, that is to be done interactively, and only some work may be divided and parceled out. In order to improve the quality of the work, students are encouraged to develop *collaborative skills* (e.g., trust-building, leadership, decision-making, communication and conflict management skills). The last feature is *group processing*, where team members set group goals, periodically assess what they are doing well, and identify changes that the team will make to function more effectively in the future (Johnson & Johnson, 2009).

employee participation and productivity, job satisfaction, or reduced rates of absenteeism (Blasi, Freeman, & Kruse, 2016). Employee participation takes various forms, from worker involvement in health and safety committees to autonomous teams, and to financial participation such as Employee Share Ownership Plans (ESOPs). Moreover, employee participation can lead to employee ownership, a promising avenue for business succession, whether or not this ownership transfer is organized in a co-operative. Learning from the co-op business model can provide future managers and business leaders with a better understanding of the how and why of implementing employee participation, profit sharing and stock options programs.

Lastly, experience with the co-op business model acquaints students to entrepreneurship and SME management. While I have argued that large co-operatives do exist, most of the co-op material I draw from relates to small businesses and highlights the challenges of managing such organizations. More specifically, the co-op simulation described in this paper allows students to go through all steps of creating their own business, from filling the actual legal forms and holding a first general assembly, to choosing suppliers and planning the business launch. This allows students to project themselves as potential entrepreneurs. Similarly, service learning forces students to get their hands dirty in typically small businesses, in direct contact with hardworking social entrepreneurs, and in sharp contrast with the multinational, hierarchical firms portrayed in most management textbooks (Fotaki & Prasad, 2015).

## **Conclusion**

Business schools have the potential to help students become thoughtful practitioners capable of engaging with complex issues inside organizations as managers, and outside them as citizens (Banerjee, 2011). Bringing co-operatives into mainstream business education provides students with an additional opportunity to understand the complex and intertwined nature of the business world. Not only do co-operatives constitute an important economic force, they offer a strong pedagogical added value when it comes to stimulating and nurturing the critical thinking required in the business world (Axley & McMahon, 2006), for managers to be able to address complex, sustainability-related issues that bring together interconnected yet often contradictory concerns for social, economic and ecological issues (Hahn, Pinkse, Preuss, & Figge, 2014). Exposure to the co-op business model could also challenge students' assumptions about the nature of management and organizing. To paraphrase Jackall and Levin's (1984: 11), it is precisely because co-operatives are anomalous, contradictory organizations that they are worth pondering.

## **References**

*References are available upon request*